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## **GOVERNOR OF PUERTO RICO AND TWELVE OTHERS** **INDICTED FOR ELECTION RELATED CRIMES**

WASHINGTON – Puerto Rico Governor Aníbal Acevedo Vilá and 12 associates in Puerto Rico, Washington D.C., and the Philadelphia-area have been charged in a 27-count indictment unsealed today and returned by a grand jury in San Juan, Puerto Rico on March 24, 2008, Assistant Attorney General Alice S. Fisher of the Criminal Division and U.S. Attorney Rosa Emilia Rodríguez-Vélez of the District of Puerto Rico announced today.

The defendants face charges ranging from conspiracy, false statements, wire fraud, federal program fraud and tax crimes related to campaign financing for the governor's 1999-2000 and 2001-2002 campaign for Resident Commissioner of the Commonwealth of Puerto Rico and subsequent 2004 gubernatorial campaign.

According to the indictment, the defendants conspired to defraud the United States and violate various Federal Election Campaign Act provisions by having Puerto Rico businessmen make illegal and unreported contributions to pay off large and unreported debts stemming from Acevedo Vilá's 1999-2000 and 2001-2002 campaigns for Resident Commissioner of the Commonwealth of Puerto Rico. Payments were made principally to the public relations and media company for the campaigns. The illegal actions continued into 2003, due to the significant debt accumulated by the campaigns, some of which was also concealed from the FEC and the public.

Acevedo Vilá and legal advisor, defendant Inclán Bird, solicited, accepted, and then reimbursed illegal conduit contributions from Acevedo Vilá's family members and staff. Conduit contributions are illegal campaign contributions made by one person in the name of another person. In addition, a group of Philadelphia-area businessmen solicited, accepted, and then reimbursed illegal conduit contributions from their own Philadelphia-area family members and staff for defendant Acevedo Vilá. Acevedo Vilá, in his official capacity, then personally assisted the businessmen in their attempts to obtain contracts from Puerto Rico government agencies for themselves or their clients.

The indictment also alleges a scheme to defraud the Puerto Rico Treasury Department of \$7 million by fraudulently pledging to abide by a voluntary public funding law in defendant Acevedo Vilá's 2004 successful campaign for governor of Puerto Rico. The funding law required a cap on campaign spending and required full reporting of all contributions and expenditures. In exchange, the Treasury Department provided up to \$7 million of public funds to the candidate's campaign.

The indictment alleges that defendant Acevedo Vilá and his associates conducted unreported fund-raising and made unrecorded vendor payments for the 2004 campaign in order to raise and spend far more than the limited amount to which they had agreed. According to the indictment, one significant aspect of this fraud was to have Puerto Rico businessmen (described as collaborators) use large amounts of money from their personal or corporate funds to pay for large and unreported debts to the campaign's public relations and media company. Large sums of

cash were also used to keep contributions and vendor payments concealed from the Treasury Department and the public.

As further alleged in the indictment, for many of the collaborator payments the media company created fake invoices to make the payments appear to be legitimate business expenses of the contributors' companies. The indictment charges Jose González Freyre, one of these contributors, with falsely claiming that a \$50,000 invoice was real and that bona fide services had been provided to his company in exchange for the payment, when in fact, the invoice was fake and the \$50,000 payment was part of the unrecorded fundraising and expenditure scheme.

In related illegal actions alleged in the indictment, Acevedo Vilá, aided by Inclán Bird, accepted numerous forms of personal income from funds related to his campaigns or official position, which he failed to report as required on his income tax returns.

"This indictment demonstrates the commitment of the Department of Justice and the U.S. Attorney's Office in Puerto Rico to ensure the integrity of the electoral process. Candidates for office and elected officials will be held accountable for corrupting the electoral process by disregarding campaign financing laws. Electoral fraud undermines the essence of our representative form of government, and operates to the detriment of every Puerto Rican," said U.S. Attorney Rosa Emilia Rodríguez-Vélez.

"The Department of Justice will continue to enforce public corruption laws which are designed to protect citizens' right to honest and fair government representation," said Assistant Attorney General Alice S. Fisher.

"Our democratic system cannot function when public officials act as though they are above the law. Public officials must comply with the law and those who do not comply will be held accountable," said Luis Fraticelli, Special Agent in Charge of the FBI's San Juan Field Office.

"Today's indictment is a reminder that the tax laws apply equally to everyone. No one is above the law. It is the responsibility of every taxpayer to file correct and accurate income tax returns," said Michael E. Yasofsky, Special Agent in Charge of the Internal Revenue Service (IRS) Miami Field Office.

The defendants and their individual charges are as follows:

(1) Aníbal Acevedo Vilá, 48, of San Juan, Puerto Rico, is charged with conspiracy, false statements, wire fraud, federal program fraud, and tax crimes. Defendant Acevedo Vilá was Puerto Rico's Resident Commissioner in the U.S. House of Representatives from 2001 through 2005, and has been the Governor of Puerto Rico since 2005;

(2) Cándido Negrón Mella, 41, of Glenn Mills, Penn., is charged with conspiracy and false statements. Negrón Mella is a Philadelphia businessman and was designated by defendant Acevedo Vilá as his U.S. deputy campaign finance chairman (Resident Commissioner campaign) in 2002;

(3) Salvatore Avanzato, 69, of Boothwyn, Penn., is charged with conspiracy. Avanzato is a Philadelphia-area businessman;

(4) Jorge Velasco Mella, 38, of San Juan, Puerto Rico, is charged with conspiracy and false statements. Velasco Mella, a cousin of Negrón Mella, received a job in defendant Acevedo Vilá's San Juan Resident Commissioner office and assisted in the handling of campaign contributions;

(5) Robert M. Feldman, 60, of Gladwyne, Penn., is charged with conspiracy. Feldman is a Philadelphia-area political and business consultant and was designated by defendant Acevedo Vilá as his U.S. campaign finance chairman (Resident Commissioner campaign) in 2002;

(6) Marvin I. Block, 74, of Philadelphia is charged with conspiracy. Block is a Philadelphia-area businessman and lawyer;

(7) Ramón Velasco Escardille, 49, of San Juan, Puerto Rico, is charged with conspiracy, false statements and wire fraud. Velasco Escardille was defendant Acevedo Vilá's Resident Commissioner campaign treasurer;

(8) Edwin Colón Rodríguez, 35, of Arecibo, Puerto Rico, is charged with conspiracy and false statements. He is also charged with embezzlement in a separate indictment unsealed today. Colón Rodríguez was defendant Acevedo Vilá's Resident Commissioner campaign assistant treasurer;

(9) Eneidy Coreano Salgado, 40, of Rockville, Md., is charged with conspiracy. Coreano Salgado was defendant Acevedo Vilá's administrative director in his Washington, D.C. Resident Commissioner office;

(10) Luisa Inclán Bird, 47, of Guaynabo, Puerto Rico, is charged with conspiracy, wire fraud and federal program fraud. Inclán Bird was a legal advisor for defendant Acevedo Vilá's San Juan office and volunteered in his 2004 gubernatorial campaign's finance department. Currently, she is a senior advisor for Governor Acevedo Vilá;

(11) Miguel Nazario Franco, 60, of San Juan, Puerto Rico, is charged with wire fraud and federal program fraud. Nazario Franco volunteered in defendant Acevedo Vilá's 2004 gubernatorial campaign finance department, and is currently a businessman in Puerto Rico.

(12) Ricardo Colón Padilla, 39, of Río Piedras, Puerto Rico, is charged with wire fraud, federal program fraud and false statements. Colon Padilla was the finance director for defendant Acevedo Vilá's political party during his 2004 gubernatorial campaign.

(13) José González Freyre, 56, of Guaynabo, Puerto Rico, is charged with wire fraud and false statements. González Freyre is the owner of Pan American Grain, a Puerto Rico agricultural company, which contributed at least \$50,000 to defendant Acevedo Vilá's 2004 gubernatorial campaign.

Each count carries the following maximum prison terms and fines, along with terms of supervised release:

- Count one (conspiracy): five years in prison and a \$250,000 fine;
- Counts two through nine (false statements to the FEC and federal agents): five years in prison and a \$250,000 fine;
- Counts 10 through 21 (wire fraud): 20 years in prison and a \$250,000 fine;
- Count 22 (program fraud – obtaining money by fraud): 10 years in prison and a \$250,000 fine;
- Counts 23 and 24 (false statements to the FBI and IRS: five years in prison and a \$250,000 fine;
- Count 25 (conspiracy to defraud the IRS): five years in prison and a \$250,000 fine;
- Counts 26 and 27 (filing false tax return): three years in prison and a \$100,000 fine;

This case is being prosecuted by First Assistant U.S. Attorney María A. Domínguez of the District of Puerto Rico and Trial Attorney Daniel A. Schwager of the Criminal Division's Public Integrity Section. The Public Integrity Section is headed by Chief William M. Welch, II. The case is being investigated by the FBI and IRS, with assistance and cooperation from the Office of the Comptroller of Puerto Rico.

The investigation into related corruption and other crimes is ongoing in the District of Puerto Rico. An indictment is a formal accusation of criminal conduct, not evidence. A defendant is presumed innocent unless and until convicted through due process of law.

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